UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
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TO FARM JOURNAL EDITORS:

The following information is for your use.

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AAA CONTRACTED ACRES GROW NON-SURPLUS CROPS

The agricultural adjustment program is resulting in putting back into grass, feed, forage, soil-building and erosion-preventing crops most of the areas taken out of surplus production. This is indicated by a survey being made by the replacement crops section of the Adjustment Administration. The survey discloses that a large part of the 45,000,000 acres of grass which was plowed up in war time and put into surplus production is now going back into forage crops under the stimulus of the Agricultural Adjustment Administration's program.

Millions of acres which cooperating farmers have contracted to take out of wheat, corn, cotton and tobacco, in order to adjust the production of these surplus crops, have been shifted to grass, legumes, emergency forage crops and crops for home use. Though general in character, the survey thus far has shown results so strongly indicative of the trend in land utilization as to leave no doubt of the broad consequences of the program.

"The results disclose the beginning of what we plan as the long-time development in land use, growing out of the program," H. R. Tolley, director of planning, said in commenting on the survey. With better prices supplemented by benefit payments, great numbers of farmers now will be able to afford better use of their lands. Instead of mining all their fields intensively to get the last dollar out of the ground to meet fixed charges in taxes and interest, farmers can conserve the long-time fertility of their soil by planting more of the lands that have been producing surplus commodities at ruinous prices to erosion-preventing and soil-building crops. The adoption of better farm management and rotation systems, which many farmers have wanted for years, should be one result of the Agricultural Adjustment Administration program. The adjustment plan gradually will translate itself into a large-scale farmers' cooperative movement toward a sounder national policy in land use."

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Increased production of pasture and meadow crops on the acreage contracted in the adjustment activities has been encouraged. This phase of the program shows a special relevance to drought, which has caused a shortage of forage while surplus grain stocks are still large. The program has caused a trend toward more economic uses of land.

Good use has been made of the contracted acres for planting emergency forage crops to offset drought losses, the survey indicates. Contract modifications in the flexible adjustment programs opened the way for many farmers, especially in drought regions, to plant soybeans, Sudan grass, millet, sorghums and corn for forage, and forage crops in general on the rented acreage. They used land where new seedings had failed, as well as the comparatively small percentage of idle contracted acres which had not yet been planted.

Home food and feed crops have been planted on most of the acres retired from cotton production in the South, while soil-improving and erosion-preventing crops are growing on nearly all the rest of the rented cotton land.

"Practical farmers and agricultural specialists have long agreed that the system on the average individual farm would be greatly improved by increasing the plantings of alfalfa, clover, and other meadow crops, and by increasing and improving permanent pastures," said J. F. Cox, chief of the Adjustment Administration's replacement crops section, in commenting on the crop shift which is taking place on the rented acres. "From a State-wide standpoint, practically all States have made a marked increase in erosion-preventing and soil-improving crops, thus reducing the danger of severe annual losses from erosion and establishing their farming on a better basis for fertility maintenance and soil improvement. By using the approximately 40,000,000 contracted acres largely for leguminous crops and grasses, farmers are maintaining and increasing soil fertility, providing a better farm rotation, increasing the amount of pasture and home grown roughage feed, and lessening labor costs in feeding livestock and general farm operations. The planting of emergency forage crops to meet the hay and pasture shortage has also been important.

"This increase in pasture and forage crops to replace surplus grain and cash crops is said by livestock men to tend toward somewhat less total production of milk and meat, but at a lower cost and with greater net return to the producer."

Studies by representatives of the replacement crops section included both field observation and the opinions of State agronomists and officials who have directed the adjustment programs. The information gathered thus far shows that in the Corn Belt States many farmers chose to plant their contracted areas to alfalfa, sweetclover, clover, and timothy, or to use old meadow sods as contracted acreage. Where seedings failed, emergency forage crops were planted extensively.

Ohio, Indiana, Illinois, Iowa, Nebraska, and Missouri were included in the study. Reports from these States show some variation in the use of the contracted acreage, both among States and between the acres retired from wheat and from corn production. There is a definite indication in all cases, however, that a substantial proportion of the contracted acres has been shifted to pasture, meadow, and forage crops. Some of the land has been used for weed control work

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or fallowing, and only a small percentage has been left idle.

Studies in seven representative Southern States (Arkansas, Texas, Oklahoma, Georgia, Tennessee, North Carolina, and South Carolina) indicate that a majority of the acres contracted to the Secretary have been used for the production of home feed and food crops. This use of the rented acres was expected, and is in line with provisions of the cotton contract which encouraged increased production to meet shortages of feed and food crops for home use in the Southern States. Soil-improving and erosion-preventing crops were also planted extensively on the southern contracted acres, and only a small percentage of the contracted cotton acres have been allowed to lie idle.

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UNDERCONSUMPTION OF MILK SHOWN IN THREE CITIES

Serious underconsumption of milk among family groups in Charleston, Wheeling, and Clarksburg in West Virginia, covered by the National milk survey, is indicated by preliminary figures recently made public by Dr. Frederic C. Howe, consumers' counsel of the Adjustment Administration.

One of the significant facts brought out by initial studies of the data collected in the three West Virginia cities, is the very small amount of fresh milk purchased by more than 90 percent of the families surveyed in each city. Most of the families use more evaporated milk than the national average, but the total amount of fresh milk and evaporated milk combined which they purchase is very low in comparison with accepted nutrition standards. The food value of a large can of evaporated milk - 14½ ounces to a can - is almost 15 percent less than the food value of a quart of fresh milk.

The preliminary figures for the three West Virginia cities are the first to be announced in connection with the national survey conducted by the club women of the country under Dr. Howe's direction. As the chief purpose of the survey was to determine the extent of milk consumption among school children, only families with children in school were asked for information. In each of the 62 cities included in the survey school districts, representative of families with incomes ranging from average to very low were selected for gathering data. The preliminary figures cover only purchased fresh and evaporated milk. Later consumption figures will include all milk used.

In Charleston, the daily amount of fresh milk purchased by families totaling 1,520 persons, including 744 children, is about 0.4 of a pint for each person. The average per capita amount of evaporated milk purchased by these Charleston families is almost 2½ times more than the amount consumed by the average person in the United States.

In Wheeling, the daily amount of fresh milk purchased by families totaling 1,631 persons, including 772 children, is a little more than 1/2 pint for each person. The average per capita amount of evaporated milk purchased by these Wheeling families is 43 percent more than the amount consumed by the average person in the United States.

In Clarksburg, the daily amount of fresh milk purchased by families, totaling 1,737 persons, including 801 children, is about 1/2 pint for each person. The average per capita amount of evaporated milk purchased by these Clarksburg families is 60 percent more than the amount consumed by the average person in the United States.

Considered in terms of food value, the per capita purchases of fresh milk and evaporated milk combined which these West Virginia families buy, on the average, are much below even the minimum standards of nutrition, according to the milk quantities specified by diets prepared by the Bureau of Home Economics of the U.S.Department of Agriculture.

These diets were planned with regard to the nutritional needs of the body and food values as related to health. They give the quantities and different kinds of foods at four levels of cost and nutrition.

At the top level is the liberal diet,which is a fully adequate diet giving better-than-average nutrition. Next is an adequate diet at moderate cost,which is a safe diet from the standpoint of health. Both these diets include 305 quarts of milk a year for each person, which is well on the way to a quart a day.

The third diet is an adequate diet at minimum cost, almost as good as an adequate diet at moderate cost and, from the standpoint of health, furnishing a margin of safety. This diet includes 260 quarts of milk a year for each person, which is a little under one pint and a half a day.

At the lowest level is the restricted diet. This diet is so low in nutritive content that it would be unsafe to go below its level or to subsist on it for more than a limited period. It calls for 155 quarts of milk a year for each person, which is a little more than eight tenths of a pint a day.

Compared with the milk quantities specified by these diets, the average per capita purchases of fresh milk and evaporated milk combined by the families surveyed in each of the three West Virginia cities rate as follows:

Charleston: 64 percent below the milk quantities specified by an adequate diet at moderate cost; 58 percent below the milk quantities specified by an adequate diet at minimum cost and 30 percent below the milk quantities specified by the restricted or lowest diet.

Wheeling: 63 percent below the milk quantities specified by an adequate diet at moderate cost; 56 percent below the milk quantities specified by an adequate diet at minimum cost; and 27 percent below the milk quantities specified by the restricted or lowest diet.

Clarksburg: 62 percent below the milk quantities specified by an adequate diet at moderate cost; 56 percent below the milk quantities specified by an adequate diet at minimum cost and 25 percent below the milk quantities specified by the restricted or lowest diet.

Except in the case of the restricted or lowest diet, Dr. Howe points out, the milk quantities stipulated by these diets are considerably higher than the national average milk consumption. But even the milk specifications of the two top diets, the liberal and the adequate diet at moderate cost, are below the ideal standard of 1 quart a day for each child and 1 pint a day for each adult.

Data collected in the Charleston survey, which was conducted by a committee headed and organized by Mrs. Cyrus Hall,Sr., president of the Charleston Women's Club, were supplied by 275 families.

Preliminary studies of the information furnished by these Charleston families show that the average family among them, consisting of 5.51 persons and including 2.7 children, with an average income of $26.24 a week, buys about 1.1 quarts of fresh milk a day or 405.15 quarts a year. This would allow about 73.53 quarts a year for each person.

The purchases of evaporated milk by this average family, estimated on the basis of ounces - 14½ ounces to a large can and 6 ounces to a small can - amount to 37.05 pounds a year for each person as compared with 15 pounds consumed by the average person in the United States.

The families surveyed in Wheeling make a better showing in their fresh milk buying than the families in either the Charleston or Clarksburg group. With a lower average family income than the families surveyed in Charleston and Clarksburg, these Wheeling families buy per capita 21 percent more fresh milk than the Charleston families and slightly more than the Clarksburg families. They buy on the average per family 20 percent more than the Charleston families.

In the Wheeling survey, which was made by a committee headed and organized by Mrs. Russell G. Nesbitt, president of the Wheeling Women's Club, information was furnished by 301 families. According to the initial studies of the survey data, the average family among these 301 Wheeling families, consisting of 5.42 persons and including 2.56 children, with an average family income of $17.91 a week, buys about 1.4 quarts of fresh milk a day or 507.35 quarts a year. This would allow 93.44 quarts a year for each person. The purchases of evaporated milk by this average family in the Wheeling survey amount to 21.45 pounds a year.

The Clarksburg survey included 286 families. Mrs. T. N. Umberger headed and organized the committee which conducted this survey. The average family among these Clarksburg families, made up of 6.07 persons and including 2.8 children, with an average family income of $25.59 a week, buys a little more than 1½ quarts of fresh milk a day or 565.75 quarts a year. This would allow for each person 93.2 quarts a year. The average amount of evaporated milk which this average family buys for each person is 23.99 pounds a year.

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FOUR MILK LICENSES AMENDED

An amendment to the existing license for the Chicago milk sales, approved today by Secretary of Agriculture Henry A. Wallace, became effective July 18. It removes a clause which states that "no distributor shall purchase milk from any producer unless such producer authorizes such distributor, with respect to payments for milk purchased from such producer, to comply with the prices and provisions of the license."

The clause was removed because it served no purpose in protecting producers, inasmuch as the license also provides that the prices in the license to producers supersede terms of contracts not consistent with the terms of the license.

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Amendments to the amended license for the milk slaes area of Lincoln, Nebr., relating to producers' prices for Class 2 milk and deductions payable to maintain the market administrator's office, have been approved by Secretary Wallace. They became effective July 17.

The amended price for Class 2 milk is provided so as to make it correspond with prices prevailing on the adjacent Omaha-Council Bluffs market. The effect of the amendment is to increase the producers' price for Class 2 milk about 1 cent a pound of butterfat in milk. The new formula places the Class 2 price on the basis of the average quoted price of 90- score Chicago car lot butter, plus 20 percent, plus 4 cents per pound of fat. The former formula allowed a differential of 3 cents instead of 4 cents.

The maximum deduction from payments to producers with which to maintain the market administrator's office is increased from 1 cent per 100 pounds of milk to 2 cents. The definition of Class 2 milk is changed also to eliminate from it milk used for making ice cream or ice cream mix.

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Amendments to the amended license for the Greater Boston milk sales area relating to the price provisions on cream have been granted by the Adjustment Administration, after conferences with agencies on the market. Approved by Secretary Wallace, they became effective July 17.

Previously the Class 2 price for Boston milk was established on the prevailing butter price quotation. The amendment seeks to set up the cream market as a basis for Class 2 prices because practically all of the Class 2 milk sold at the market by producers is used for cream purposes. Newly established market quotations by the Bureau of Agricultural Economics for fresh sweet cream make this possible. The value of the fat in the cream is determined and then applied to the actual fat found in the milk delivered. Deductions are allowed in the formula to cover costs of transforming milk to cream, for skim milk allowances, and for transportation charges.

The amendment removes the former butter price index on Class 2 milk and inserts a new provision. Under this, the Class 2 price will be determined on the basis of 3.7 times the average price per pound of butterfat in cream of bottling quality as calculated by the market administrator in each delivery period from the quotations current by the Bureau of Agricultural Economics on a weighted average f.o.b. Boston price for such cream in 40-quart cans testing 40 percent butterfat. There are about 33 pounds of butterfat in each such can of cream. Deductions in the formula amounting to $11\frac{1}{2}$ cents a 100 pounds are allowed to cover the processing and skim milk values, as determined to be fair and equitable.

At country stations more than 75 miles from the sales area, a uniform transportation charge of 6 cents a 100 pounds of Class 2 milk is included. No country receiving stations are located inside of the 75-mile limits.

One other new provision is included in the amended license. This changes the differential basis on milk testing either above or below the market standard of 3.7 percent fat, from a butter price basis to one tenth of the average price per pound of butterfat in cream, to be determined in the same manner as with Class 2 milk, using the Bureau of Agricultural Economics current quotations.

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Producer distributors of milk in the greater Kansas City sales area are exempted from payments to the equalization pool and adjustment fund set up under the existing milk license for that area, by an amount equal to the bases already established for them by the market administrator, through amendments to the present license. The amendments, approved today by Secretary Wallace, became effective July 17.

The amendment relating to producer-distributors is significant, in that these milk handlers are a large factor in the Kansas City market. All milk produced in excess of the bases set for producer-distributors and sold by them as Class 1, Class 2, or Class 3 milk, must be included in the calculation of the blended price and in the adjustment account. The difference between the value of their excess milk and the value of milk sold in each class must be paid into the equalization pool fund, under the new provision. This is the first such provision written into a milk license by the Adjustment Administration to meet the complex problems of milk marketing presented in a market where a large number of producer-distributors operate.

Another amendment provides producer-distributors with a normal market outlet for their excess milk. All milk except bottled milk and cream which is sold by producer-distributors to other distributors must be sold at Class 3 prices, or the producer-distributors must account to the equalization pool and the adjustment fund for the difference between the value of the milk sold and the actual Class 3 price paid for it.

The former producer-distributor clause exempted such sellers by an amount equal to their average daily retail sales or about 500 pounds. This flat exemption permitted a producer-distributor who was selling less than 500 pounds a day to expand his business up to 500 pounds a day before being subject to the equalization provisions. The amendment provides a more immediate check upon producer-distributors and at the same time grants such dealers a greater exemption from the equalization provisions.

The amended license expands the definition of Class 2 milk to include, besides fluid cream, all milk used to produce chocolate milk or chocolate drink, flavored milk, creamed cottage cheese, and creamed buttermilk. All of these commodities under local health regulations must be produced from Grade A milk.

The new price named for Class 2 milk yields about $1.51 a 100 pounds for 3.8 percent milk under current butter values. The formula for Class 2 price in the amended license is 3.8 times the price of 92-score Chicago butter plus 35 percent plus 28 cents per 100 pounds. The former schedule was the price of 92-score butter times the fat test of the milk with differentials of 25 percent and 25 cents added.

The amended license changes the standard market fat test from 3.5 percent to 3.8 percent butterfat on 25 percent fat cream or less, from 70 to 76 cents a gallon; on cream testing between 25 and 30 percent fat from 85 cents to 92 cents a gallon; and on cream testing over 30 percent fat from $1 to $1.12 a gallon.

Amendments to provisions on transportation and cooling station charges are similar to those prevailing on other markets, and permit the movement of both Class 1 and Class 2 milk into the sales area for the manufacture of by-products.

Deductions from prices to producers on milk delivered to stations within the 30 to 45-mile zone from the sales area have been changed in the amended license. The new rate for station service charges and transportation on Class 1 and Class 2 milk will be 17 cents per 100 pounds within the specified zone limits. Beyond those limits an extra charge of 1½ cents a 100 pounds of milk for every 10 miles is included.

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SECOND WHEAT CONTRACT PAYMENTS NOW BEING MADE

Disbursement of more than $30,000,000 among wheat producers who are filing certificates of compliance on their wheat adjustment contracts under the Adjustment Act has begun. The first block of checks to cover the second installment of the 1933 payment totaled $1,258.30. They went to 58 contracting growers in Ralls County, Mo.

The mailing of checks for the second payment will proceed rapidly. The completion of these second installment payments will raise the total benefit payments under the wheat allotment program of the Adjustment Administration to approximately $98,000,000, as $67,073,788 had already been placed in growers' hands on July 1.

The second installment payment is at the rate of 9 cents a bushel. From this each producer's pro rata share of the expenses incurred by the local association is deductible. The second payment marks the end of the first year of the wheat adjustment program, in which some 577,000 growers retired 7,500,000 acres of wheat from production.

Reviewing the wheat program at the end of its first year, George E. Farrell, chief of the wheat section, emphasized the fact that through processing taxes the plan had paid its own way. He estimated that the final gross collections of processing taxes, at the rate of 30 cents a bushel on domestically consumed wheat, would amount to approximately $133,400,000. Of this amount $106,602,000 had been collected by the Bureau of Internal Revenue by June 1, leaving a balance of $26,798,000 to be collected. It is expected that this sum will be collected within the next two months, as extensions allow a "lag".

From the gross collections, $25,400,000 has been placed in reserve for refunds of $13,400,000 in floor stock taxes upon termination of the present program, refunds of the tax upon wheat used for relief and charitable purposes, and expert drawbacks. About $6,500,000 of the funds collected have been used to finance the export of about 26,000,000 bushels of surplus wheat from the Pacific Northwest. Administrative expenses, not including the cost of organizing and operating production control associations, are expected to be $3,612,800 of which $1,800,000 has been spent in various wheat States through allocations to the Extension Service in connection with the program.

"Growers have carried out their part of the plan," said Mr. Farrell, "by organizing 1,400 production control associations to administer the plan in 1,728 counties. Through the work of these associations they have placed 77 percent of the Nation's wheat production contract. The intelligent manner in which they carried out the program is illustrated by the fact that of the half million contracts signed, only 2,800 remain unsettled, and most of these cases are unsettled because of some unforeseen circumstance or legal complication. Willful violations have been few, and handling violations is a very small matter.

"The Adjustment Administration, as its part of the program, has distributed the adjustment payments, provided the machinery for the United States to carry out the terms of agreement in the International Wheat Agreement in this country, and organized the North Pacific Emergency Export Association to remove from that area a surplus that constituted a danger to the price of all wheat in the United States.

"Summing up the situation as we move into a new crop year and a continuation of the adjustment program, the carryover had been reduced by drought and acreage retirement from its former staggering size of 389,000,000 bushels to about 260,000,000 bushels. For the crop marketed during the past year farmers have received average prices which, plus benefit payments, brought returns for the domestically consumed portion of the crop very close to parity levels.

"It is also significant to note that the short crop of 1933, totaling only 527,000,000 bushels, had a farm value of $357,525,000 not including adjustment payments, while the large crop of 1932, totaling 726,000,000 bushels had a farm value of only $238,305,000. In other words, 200,000,000 bushels less wheat was worth $119,000,000 more, and, including benefit payments, $217,000,000 more than the 1932 crop."

The chief of the wheat section attributed part of the additional income from wheat, other than the adjustment payments, to the adjustment program, pointing out that through the operation of the export plan, wheat prices in the United States had maintained for the first time in many years a margin averaging about 20 cents above the world wheat price. This reversal of the rule that the United States' markets for wheat are set by the world price level, increased the value of the last year's crop by over $100,000,000, Mr. Farrell asserted. Also, as cooperating farmers were saved the amount of working capital necessary to plant the 7,500,000 acres retired from production, this saving might be placed at approximately $3 per acre, or a total of $22,500,000 he stated.

"The program for the 1934-35 crop year is planned on the same basis as the one just completed," Mr. Farrell said. The benefit payments have been announced as 29 cents per allotted bushel, the processing tax for the present remains the same, and the amount of reduction will not be more than 15 percent of the base. Mr. Farrell said the program will work more smoothly this year.

"Last year the organization had to be set up, the plan explained, and the whole program set in motion at once. Now farmers have the organization, understand the program, and have collected and tabulated accurate production and acreage data. The 11,000 farmer-workers who were raw recruits last year have become trained field workers. We hope that as a result of this splendid groundwork that the farmers themselves have set up, the program can move more smoothly in the coming year."

The following tabulation by States gives the total number of contracts approved, the amount of benefit payments received in the first installment, and the estimated amount to be received in the second installment:

State	Total Contracts Approved	Amount of First Installment on 1933 crop (July 1)	Estimated Amount Second Installment	Total Payment (Estimated)
Arizona	114	$ 14,572	$ 6,500	$ 21,072
Arkansas	44	1,884	900	2,784
California	2,250	814,936	363,400	1,178,336
Colorado	11,840	1,454,868	651,400	2,106,268
Delaware	689	75,155	34,300	109,455
Georgia	31	5,163	2,400	7,563
Idaho	14,750	2,322,552	1,054,100	3,376,652
Illinois	24,750	1,696,903	769,500	2,466,403
Indiana	24,144	1,289,057	585,000	1,874,057
Iowa	3,708	292,943	133,900	426,843
Kansas	94,010	16,671,055	7,593,800	24,264,855
Kentucky	3,981	170,416	77,100	247,516
Maryland	7,883	547,092	249,800	796,892
Michigan	14,040	567,129	256,500	823,629
Minnesota	21,284	1,257,975	570,500	1,828,475
Missouri	16,350	1,048,220	477,000	1,525,220
Montana	38,388	4,243,567	1,892,200	6,135,767
Nebraska	34,223	4,027,415	1,828,100	5,855,515
Nevada	308	20,391	9,300	29,691
New Jersey	192	7,790	3,600	11,390
New Mexico	1,671	340,239	155,200	495,439
New York	592	30,414	13,700	44,114
North Carolina	1,066	36,657	16,900	53,557
North Dakota	102,839	9,885,475	4,421,200	14,306,675
Ohio	23,887	1,179,419	537,700	1,717,119
Oklahoma	29,944	4,673,854	2,126,200	6,800,054
Oregon	7,028	1,821,088	834,800	2,655,888
Pennsylvania	3,433	174,355	78,800	253,155
South Dakota	49,397	3,491,794	1,578,400	5,070,194
Tennessee	2,245	86,842	39,400	126,242
Texas	14,287	3,681,179	1,672,900	5,354,079
Utah	5,645	451,573	205,900	657,473
Virginia	7,841	371,197	171,000	542,197
Washington	11,521	3,964,699	1,806,700	5,771,399
West Virginia	984	52,298	23,600	75,898
Wisconsin	1,183	26,454	11,800	38,254
Wyoming	2,220	277,130	126,600	403,730
	577,640	$ 67,073,750	$30,380,100	$97,453,850

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LOCAL COMMITTEES WORKING ON BANKHEAD COTTON ACT ALLOTMENTS

Community and county committees through which individuals will apply for allotments of tax-exempt cotton and tax-exemption certificates under the Bankhead Cotton Control Act are now functioning in virtually all counties in the Cotton Belt. County agents are handling the applications in a few counties where production is small.

The Bankhead Act limits this year's production of tax-exempt cotton to 10,000,000 500-pound bales, net weight, equivalent to 10,460,251 bales of 478 pounds net weight. On cotton not tax exempt, it levies a tax on the ginning at the rate of 50 percent of the average central market price on 7/8-inch middling spot cotton. The Secretary of Agriculture has determined this average price to be 11.34 cents a pound. This determination may be changed, however, if the price range warrants.

Application forms, furnished by the Adjustment Administration, must be signed by an owner, a cash tenant, or a tenant who pays as rent a fixed quantity of products (standing-rent tenant). An individual share tenant or share cropper who operates an entire farm may submit a joint application and sign with his landlord or, at the discretion of the county committee, either the landlord's signature or the share tenant's or cropper's signature may be dispensed with if either interested party is unavailable or not desirous of signing, or is not in a position to supply the information called for in the application. Any operator entitled to sign an application may do so through an agent, but such agent must submit a written document showing his authority to act for the operator of the farm covered by the application. Every precaution has been taken to make certain that share croppers and share tenants receive the share of tax-exemption certificates to which they are entitled under the law.

Counties have been divided into communities and a community committee designated to function in each county sub-division. The community committee will establish headquarters, where farm operators or their agents will submit applications. The data submitted in applications will be examined by the county and community committees and individual allotments will be based on the best information available regarding cotton base acreage and production.

"The quantity of tax-exempt cotton allotted to any county is definitely fixed," Cully A. Cobb, chief of the cotton section, said, "and may be likened to a common fund in which all producers in the county are to share according to their just claims. The claims will be based on the operators' cotton acreage and production during a representative base period. If any operator should claim and receive a farm allotment in excess of the amount to which he is entitled, he does so at the expense of other operators in the county, and he unjustly takes a part of the county allotment that belongs to others."

The county and community committeemen will be responsible for determining the bases for equitable proration of the county allotment among the various operators of cotton farms in the county. To the State allotment board, which will make final individual allotments, an application approved by the county committee will necessarily represent the opinion of those persons in the county best qualified to judge the equitableness of any claim.

The county committee, with the help of the community committee, will correct and adjust the figures in applications when the county committee has good reason to believe that such figures are inaccurate. Committeemen will adjust the data submitted by producers who did not sign 1934-1935 cotton contracts in such a manner as to approximate the individual adjustments made in reports submitted by contract signers in the county. These adjustments will be made on an individual basis rather than by a blanket revision applied uniformly to all applications.

The Adjustment Administration has recommended that whenever a mutually satisfactory agreement between the county committee and the operator is not possible, three disinterested cotton producers be selected by the county committee to examine all information pertaining to the case. These findings would then be submitted to the county committee, who would make the final decision.

Each allotment will be expressed in net pounds of lint cotton. When allotments have been determined, the State allotment board will issue tax-exemption certificates covering the amount of tax-exempt cotton allotted to producers in each county. Provision is made for the issuance of interim certificates as a temporary expedient in counties specifically designated by the cotton section. These interim certificates will be issued only in counties where it is not possible to issue the regular certificates before the ginning season begins. In no case will interim certificates be issued for more than half of the estimated total amount of the final certificates. Interim certificates will be returned to the county committee when it is prepared to issue final certificates.

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WEST-WASHINGTON PRODUCE AGREEMENT AND LICENSE EFFECTIVE

A marketing agreement and license for fresh lettuce, peas, and cauliflower grown in western Washington, have been approved by Secretary Wallace and both became effective July 21.

Improved returns to producers of produce in the western Washington area through a system of prorating shipments are sought through the agreement signed by more than 90 percent of the shippers and handlers of the products. The license makes the terms of the agreement binding on all handlers and shippers of fresh lettuce, peas, and cauliflower in that area.

The promotion of orderly marketing will be handled by a proration committee of 13 members. Under the agreement and license, the committee will determine the total quantity of peas and cauliflower which it believes should be shipped during the marketing period, with a view to obtaining reasonable prices for growers. If this amount is exceeded by the available supply, the committee has authority to restrict the total movement to the advisable quantity by allocation to individual shippers on the basis of the supply which the shippers and growers have available for market.

The agreement makes the same provisions for lettuce with the stipulation that "no proration of shipments of lettuce shall be instituted until such time as the Secretary of Agriculture has declared that such proration has been justified by the establishment of adequate marketing control over the shipment of lettuce from other areas which compete with the shipments of lettuce from western Washington".

General supervision of the agreement is in the hands of a control committee of 11 members. This committee will investigate alleged violations of the agreement, and act as a board of arbitration in any disputes that may arise in connection with the agreement.

Members of the control committee will be selected by a general vote of the handlers, as follows: One handler from the Auburn district; one from the Sumner district; one from Gray's Harbor district; one from the Seattle district; one from the Lake district; one from the North district; and two from the Kent district. The remaining three members need not be handlers.

The proration committee will consist of 13 members, 6 elected by the handlers, 6 members by the growers, and 1 by the original 12 members of the committee.

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COLORADO VEGETABLE AGREEMENT TENTATIVELY APPROVED

A marketing agreement for fresh peas and cauliflower grown in Colorado has been tentatively approved and is being sent to the industry for signatures. The agreement seeks to improve returns to growers through a system of proration and allocation of shipments among handlers and growers of fresh peas and cauliflower.

Under the agreement, the quantity of these products available for shipping would be determined from reports to be made to district committees by shippers and producers, and forwarded in turn to a control committee, which would determine the proportion of cauliflower and peas for shipment from each district. When the district committees receive their respective allotments, they would, under the terms of the agreement, allocate to each grower or handler his share of the total to be shipped.

Under the agreement, contracting handlers would comply with standard grades of the United States Department of Agriculture, and every shipment would be accompanied by a standard inspection certificate or official memorandum, indicating its conformity to the Federal grades.

The control committee would be composed of 9 members - 3 selected by the handlers, 3 selected by the grower of peas, and 3 selected by the growers of cauliflower.

The agreement provides for a division of the producing area into 4 districts. In each district where peas are grown, a district committee of 3 members elected by growers of peas is provided for, and in each district where cauliflower is grown the same provision is made for the election of a district committee for cauliflower growers. Where both commodities are produced, separate committees would be elected for each commodity, and would operate separately.

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MORE HEARINGS ON PEANUT AGREEMENT AMENDMENTS

Two additional public hearings on proposed amendments to the existing peanut marketing agreement under the Agricultural Adjustment Act have been called by the Secretary of Agriculture. The hearings will be held in the County Court House, Suffolk, Va., July 30, and in the Minor Auditorium, Albany, Ga., July 27. A hearing on July 23, at Fort Worth, Tex., has already been announced.

The proposed amendments would require the marketing agreement control board to determine the prospective supply of peanuts and the probable amount required by the market, and to allot to the three producing areas and to the growers in those areas the tonnage that may be delivered. The proposed amendments also contain provisions for disposing of surplus peanuts by diverting them to the manufacture of by-products.

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TO AID DROUGHT-HIT SHEEP INDUSTRY

Plans for governmental assistance to sheep growers in the drought area will be discussed at a meeting of sheep men and Federal agricultural officials at Salt Lake City, Utah, July 25 and 26. Dr. E. W. Sheets, director of the Agricultural Adjustment Administration Drought Relief Service, has left for Utah by way of St. Paul, Minn. He will study conditions in the drought-stricken Plains States en route. Delegates from the western sheep States will be called to the Salt Lake City conference, which likewise will be attended by representatives of organizations interested in the industry, and by Harry Petrie, chief of the cattle and sheep section of the Agricultural Adjustment Administration, and Dr. W. C. Coffey of the University of Minnesota College of Agriculture, drought relief director for the Northwest States.

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LOAN TO PRODUCERS OF GUM ROSIN AND GUM TURPENTINE

The Reconstruction Finance Corporation has made a $6,000,000 commitment to the Commodity Credit Corporation, upon the recommendation of the Agricultural Adjustment Administration, for making loans to producers of gum turpentine and gum rosin who are signers of the marketing agreement for the industry. The loans are to be made on warehouse receipts issued by acceptable warehouses and representing gum turpentine and gum rosin of the crop produced in 1934 and within the producers' allotments made under the marketing agreement.

The amount of the loans is placed at $50 a unit, bearing interest at 4 percent, from which a reserve fund of $10 a unit will be withheld to pay carrying charges and marketing expenses. The loans will be made upon the following basis: 48 cents a gallon for eligible gum turpentine in tanks. For eligible gum rosin the loans are as follows: $4.50 a commercial barrel of 280 pounds for Grade H, or better; $4.25 a commercial barrel for Grades G and F; $4.00 a commercial barrel for Grades E, D, and B.

The loans may be made by any bank, cooperative marketing association, factor, or other corporation, partnership, association, or person, on eligible gum turpentine and gum rosin warehouse receipts. Loans meeting the requirements of the Commodity Credit Corporation will be purchased by the Corporation from the banks and lending agencies on or before January 1, 1935.

Necessary forms are now being prepared. When completed, they may be obtained from the Gum Turpentine and Gum Rosin Control Committee, 1305 Barnett Bank Building, Jacksonville, Fla.; U.S. Naval Stores Station, Lake City, Fla.; and from the Loan Agency of Reconstruction Finance Corporation most convenient to the producer. Such forms may also be obtained from Commodity Credit Corporation, Washington, D. C.

The note and loan agreement govern the liability of the producer, who will not be personally liable for any deficiency upon the sale of the pledged gum turpentine and gum rosin, if he has complied with the terms of the loan agreement.

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REDUCED INTEREST ON FARM MORTGAGE LOANS

July 13 marked the passing of the $1,000,000,000 figure in farm mortgage loans made by the Federal land banks and the Land Bank Commissioner since the organization of the Farm Credit Administration, May 27, 1933. This money represents more than 400,000 loans to farmer borrowers throughout the country.

About 90 percent of the loans was used to refinance existing indebtedness, which has saved many farm homes from foreclosure and tax sales, in addition to reducing borrowers' annual interest charges on an average of about 20 percent. Thus, while this refinancing has relieved pressure on farmer-borrowers and put their debts in a form which they will systematically pay off over a series of years, it has not increased borrowers' debts. In fact, in many instances the total amount of farmers' debts outstanding has been considerably reduced when their creditors agreed to scale-down their claims, so that farmers might be eligible for loans through the Federal land banks.

The Federal land banks are now loaning at the rate of about $6,000,000 a day on the basis of bonds of the Federal Farm Mortgage Corporation, guaranteed by the Federal Government as to payment of principal and interest. This is equal to the rate at which banks were loaning on a cash basis last March.

The bonds of the Federal Farm Mortgage Corporation have been readily accepted by farmers and their creditors and have always sold above par in financial centers when farmers or their creditors found it necessary to sell them to obtain cash.

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DROUGHT-RELIEF LOAN APPLICATIONS

In less than a month since the drought relief appropriation was approved, feed for starving cattle and seed for forage crops are being made available in the emergency drought areas of 18 States as a result of the growing volume of loans made from the fund by the Farm Credit Administration.

Funds from the appropriation approved June 19,1934, were employed two weeks later, on July 3, when the first loans to farmers and stockmen were made through the Minneapolis office of the emergency crop loan section. Since then over 5,100 applicants have received almost $500,000 in loans to purchase feed for the first month. These loans have been advanced primarily in the Minneapolis area, but during the past few days there has been a large increase of applications from the areas covered in the Salt Lake City and Dallas, Texas, offices.

More than 7,700 applications for drought relief loans were received up to July 14, and about two-thirds of them have been approved and the proceeds already disbursed. The loans are being made in amounts required to purchase feed for the applicants' livestock for one month. So far, the average loan required to purchase a month's feed is about $90. The borrower's promissory note is taken as evidence of the loan, accompanied by a non-disturbance agreement signed by each chattel mortgage lienholder.

The drought relief loans being made under the direction of the Farm Credit Administration are part of a comprehensive program set in motion last month for relief of distressed agriculture throughout the drought-stricken areas. The work of the Farm Credit Administration is in cooperation with the cattle purchasing program of the Adjustment Administration and other relief assistance provided by the Emergency Relief Administration.

Officials of these organizations are cooperating with the emergency crop loan offices under the Farm Credit Administration to get out loans as quickly as possible to drought-harassed farmers and livestock operators.

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TO ADMINISTER LEAF TOBACCO WAREHOUSE CODE

J. C. Lanier, Greenville, N.C., for the last year a marketing specialist in the tobacco section of the Adjustment Administration, has been granted a 10-months' leave of absence in order to become administrator for the auction and loose leaf tobacco warehouse industry code. He is a tobacco grower with many years' experience in growing and marketing the crop. Headquarters for the code authority, which will function this season for the first time, will be in Greenville, N.C. Branches will be maintained in all tobacco belts.

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